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## Know Before You Owe

The Dodd-Frank Consumer Protection & Wall Street Reform Act mandated a simplified, streamlined mortgage process and the Consumer Financial Protection Board (CFPB) has issued a final rule requiring lenders, effective August 15, 2015, to use easier-to-use mortgage disclosure forms that clearly lay out the terms of a mortgage for a homebuyer.

The new CFPB "Know Before You Owe" mortgage forms will replace the current Truth-in-Lending, Good Faith Estimate and HUD-1 documents. The final rule requires that lenders use the CFPB's new disclosures, puts in place rules about when the new forms are given to the consumer, and limits how the final deal can change from the original loan estimate.



# FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## FHA Updates

- Mortgagee Letter 2014-1** instructs lenders to begin issuing the brochure "Save Your Home: Tips to Avoid Foreclosure" to delinquent FHA mortgagors, effective no later than 30 days from the issuance of this notice. The brochure replaces "How to Avoid Foreclosure", HUD-PA-426 and is sent with a cover letter to delinquent mortgagors between the 32<sup>nd</sup> and 60<sup>th</sup> day of delinquency.
 
- Mortgagee Letter 2014-2** explains maximum qualifying ratios for manually underwritten loans and revises and clarifies the compensating factors that must be cited in order to exceed FHA's standard qualifying ratios for manually underwritten loans. This guidance is effective for case numbers assigned on or after April 21, 2014.
- Mortgagee Letter 2014-3** allows electronic signatures on documents requiring signatures included in the case binder for mortgage insurance, servicing and loss mitigation, FHA insurance claims, and on real estate owned sales contracts and related agenda unless otherwise prohibited by law.

## Qualified Mortgage Definition



HUD recently published a Final Rule in the Federal Register to define a "Qualified Mortgage" as one that is "insured, guaranteed or administered by HUD." In order to meet the definition, mortgage loans must: require periodic payments without risky features; have terms not to exceed 30 years; limit upfront points and fees to no more than 3 percent with adjustments to facilitate smaller loans (except for Title I, Title II manufactured housing, Section 184, Section 184A loans and others as specified in the rule; and be insured or guaranteed by FHA/HUD.

The Rule establishes two types of Qualified Mortgages - a Rebuttable Presumption Qualified Mortgage and a Safe Harbor Qualified Mortgage - determined by the relation of the loan's Annual Percentage Rate to the Average Prime Offer Rate. The rule became effective on January 10, 2014. For more information, read the [Press Release](#).

## South Dakota Single Family FHA Information

FY2014 Statistics	Oct	Nov	Dec
Loans Insured	181	133	165
First-Time Homebuyers	91	85	112
Minority Homebuyers	6	4	14
Default Rate	2.70%	2.77%	2.72%
Foreclosure Rate	0.83%	0.76%	0.74%
REO Properties			
Acquired	10	20	11
Sold	18	15	11
Owned	61	66	66

## Homeless Grant Funds Available



The South Dakota Housing Development Authority (SDHDA) recently announced approximately \$400,000 is available for the Emergency Solutions Grants Program (ESG). The ESG is a block grant for services to homeless and near homeless individuals and families for street outreach services, emergency shelter, homelessness prevention and rapid re-housing, and administrative costs. Local government agencies or nonprofits organizations may apply for the grants to SDHDA by March 31, 2014.

## January Scorecard

The Department of the Treasury and HUD released the [Housing Scorecard](#) for January 2014, a comprehensive report on the nation's housing market. The report's latest data shows progress among key indicators. In 2013, home sales had their strongest performance in several years, foreclosure starts were at their lowest annual level since 2005, and homeowners' equity is up \$3.4 trillion since the beginning of 2012.

## Over 3 Million Foreclosures Prevented

The [Federal Housing Finance Agency](#) recently announced that Fannie Mae and Freddie Mac have completed more than 3 million foreclosure prevention actions nationwide since the start of conservatorship in September 2008. From October 1, 2008 through September 30, 2013, Fannie Mae and Freddie Mac have used tools including loan modifications, forbearance agreements, repayment schedules, deeds-in-lieu and short sales to prevent 2,403 foreclosures in South Dakota.

### South Dakota

	As of September 30, 2013
<b>Total Loan Count</b>	<b>61,754</b>
<b>Delinquencies</b>	<b>As of September 30, 2013</b>
<b>Serious Delinquent Loan Count</b>	<b>440</b>
<b>Percent Delinquent by One Year or More</b>	<b>16%</b>
<b>Foreclosure Prevention Actions Oct. 1, 2008 to Sep. 30, 2013*</b>	
<b>Loan Modifications</b>	<b>1,063</b>
<b>Other Actions**</b>	<b>1,340</b>
<b>Total</b>	<b>2,403</b>
	<b>As of September 30, 2013</b>
<b>Real Estate Owned Count</b>	<b>223</b>

\*Excludes Freddie Mac repayment and forbearance plans taken in 4Q 2008 and 2009. Also excludes Fannie Mae HomeSaver Advance, charge-offs-in-lieu, short sales and deeds-in-lieu taken in 4Q 2008.

\*\*Consists of repayment plans, forbearance plans, HomeSaver Advance (Fannie Mae), charge-offs-in-lieu, short sales and deeds-in-lieu.

## Selling to the Government

The Procurement Fair "Selling to the Government: Getting Down to Business" will be held at the Morningside Community Center at 2400 South Bahnson Avenue in Sioux Falls on March 25, 2014 from 9:00 a.m. to 3:00 p.m.

The event is free and attendees will be provided the opportunity to meet with representatives from government entities. For more information, contact Lisa Claassen at the Small Business Administration at (605) 330-4243 ext. 28.

## FHA Health Care Programs

HUD's [Office of Health Care Programs](#) provides mortgage insurance for health care facilities and residential care facilities through two programs. Section 242 provides mortgage insurance for acute care hospital facilities ranging from large teaching institutions to rural critical access hospitals. Fall River Health Services in Hot Springs was built in 2010 utilizing this program.

The Section 232 loan program provides mortgage insurance for housing for the elderly in need of supportive services, including nursing homes, assisted living facilities, and board and care. Over the past three years this program has been used to build or rehabilitate nearly 600 units of housing in South Dakota, valued at over \$27 million.

## Volunteers in Service to America

Volunteers in Service to America (VISTA) members serve full time for up to three years in non-profits, government agencies, schools and hospitals to help build the capacity of the organization. VISTA projects help to eliminate poverty by helping to start new programs, build volunteer programs and increase fund raising.



VISTA members can also help to improve quality of services, build community partnerships, work on development of procedures and improve marketing. The cost to the agency is approximately \$13,000 per year to have a VISTA for your project. For this amount, you help to sustain the member for the year while you get 40 plus hours of work per week from them to build your project.

From October through December, 2013, the Volunteers of America, Dakotas reported 323 volunteers managed by VISTAS which provided 2443 hours of service; \$129,424 cash and \$16,032 worth of in kind contributions raised; 3,658 children benefited by educational services; and 28 veterans received support. For more information, contact [Vickie Sylvester](#) at 605-444-6345 or 605-988-4815.

## Smoke Free Housing



Fifty years ago the Surgeon General released its first report linking smoking and its effects on a person's health. Today, remarkable progress has been made and the number of adults who smoke in the United States has dropped from 42% to 18%; however, tobacco use remains the leading preventable cause of death in our country.

The Centers for Disease Control and Prevention (CDC) recently unveiled "The Health Consequences of Smoking-50 Years of Progress: A Report of the Surgeon General." The report highlights major accomplishments in tobacco prevention and control, presents new data on the health consequences of smoking, and discusses approaches that can potentially end the tobacco epidemic.

HUD and health advocates have launched a new set of tools on HUD's [smoke-free toolkits webpage](#) which guide and encourage private owners of federally-assisted multifamily housing and public housing agencies to adopt smoke-free policies to protect residents from the dangers of second-hand smoke and to reduce property maintenance costs. Read more on guidance promoting the benefits of [smoke free housing](#). Over 420 Public Housing Authorities have adopted some form of smoke-free policy, protecting over 155,000 families.

## Multifamily Housing What's New

For the most current information from HUD's Multifamily Housing HUB in Denver, go to their [website](#).

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Please contact us if you have any news or updates to include in our newsletter.

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## 2014 Income Limits

On December 1, 2013, HUD released the new [income limits](#) for Fiscal Year 2014. Public housing authorities use income limits to qualify individuals and families for HUD programs. HUD sets the lower income limits at 80% and very low income limits at 50% of the median income for the county or metropolitan area in which an individual or family resides.

## Radon Awareness

In 2013, HUD's Office of Multifamily Development issued the [Radon Policy](#). The policy requires radon testing and mitigation for participants in HUD's multifamily housing mortgage insurance programs and requires new multifamily construction to be built using radon resistant construction. HUD's Office of Public Housing also issued a [Notice](#) which strongly encourages Public Housing Authorities to proactively plan and complete radon testing and follow-up with mitigation strategies.



## Tax Identity Theft

By: Shantae Goodloe, Public Affairs Specialist

Whether you just bought a home or have owned one for a while, you're probably looking forward to the mortgage interest deduction you claim when you file your annual income taxes. But what happens when you go to file your return and discover they're already filed? You may be a victim of refund fraud, which delays the refund. [Tax identity theft](#) happens when someone uses your Social Security number to claim your refund or to secure a job.

Stopping refund fraud related to identity theft is a top priority for the Internal Revenue Service (IRS). They have trained more than 35,000 employees who work with taxpayers to recognize and assist when identity theft happens.

If you suspect tax identity theft, contact the IRS at 1-800-908-4490 and they will work with you to get your taxes filed and help protect your IRS account from tax identity thieves in the future.

**Mission of the U.S. Department of Housing and Urban Development: To create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business.**